

Senate File 2314 - Reprinted

SENATE FILE _____
BY COMMITTEE ON STATE
GOVERNMENT

(SUCCESSOR TO SF 2166)

Passed Senate, Date _____ Passed House, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act concerning the licensure, operation, and taxation of card
2 game tournaments by organizations representing veterans and
3 allowable prizes at annual game nights.

4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

5 SF 2314

6 ec/cc/26

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1 1 Section 1. NEW SECTION. 99B.7B CARD GAME TOURNAMENTS
1 2 CONDUCTED BY QUALIFIED ORGANIZATIONS REPRESENTING VETERANS.
1 3 1. As used in this section, unless the context otherwise
1 4 requires:
1 5 a. "Card game" means only poker, pinochle, pitch, gin
1 6 rummy, bridge, euchre, hearts, or cribbage.
1 7 b. "Qualified organization representing veterans" means
1 8 any licensed organization representing veterans, which is a
1 9 post, branch, or chapter of a national association of veterans
1 10 of the armed forces of the United States which is a federally
1 11 chartered corporation, dedicates the net receipts of a game of
1 12 skill, game of chance, or raffle as provided in section 99B.7,
1 13 is exempt from federal income taxes under section 501(c)(19)
1 14 of the Internal Revenue Code as defined in section 422.3, has
1 15 an active membership of not less than twelve persons, and does
1 16 not have a self-perpetuating governing body and officers.
1 17 2. Notwithstanding any provision of this chapter to the
1 18 contrary, card game tournaments lawfully may be conducted by a
1 19 qualified organization representing veterans if all of the
1 20 following are complied with:
1 21 a. The organization conducting the card game tournament
1 22 has been issued a license pursuant to subsection 4 and
1 23 prominently displays that license in the playing area of the
1 24 card game tournament.
1 25 b. The card games to be conducted during a card game
1 26 tournament, including the rules of each card game and how
1 27 winners are determined, shall be displayed prominently in the
1 28 playing area of the card game tournament. Each card game
1 29 shall be conducted in a fair and honest manner and shall not
1 30 be operated on a build-up or pyramid basis. Every participant
1 31 in a card game tournament must be given the same chances of
1 32 winning the tournament and shall not be allowed any second
1 33 chance entries or multiple entries in the card game
1 34 tournament.
1 35 c. Participation in a card game tournament conducted by a
2 1 qualified organization representing veterans shall only be
2 2 open to members of the qualified organization representing
2 3 veterans and guests of a member if a bona fide social
2 4 relationship exists between the member and the guest. The
2 5 cost to participate in a card game tournament shall be limited
2 6 to one hundred dollars and shall be the same for every
2 7 participant in the card game tournament. Participants in a
2 8 card game tournament shall be at least twenty-one years of
2 9 age.
2 10 d. Cash or merchandise prizes may be awarded during a card
2 11 game tournament and shall not exceed one thousand dollars and
2 12 no participant shall win more than a total of two hundred
2 13 fifty dollars. A qualified organization representing veterans
2 14 shall distribute amounts awarded as prizes on the day they are
2 15 won and merchandise prizes shall not be repurchased. An
2 16 organization conducting a card game tournament shall only

2 17 display prizes in the playing area of the card game tournament
2 18 that can be won.

2 19 e. The qualified organization representing veterans shall
2 20 conduct each card game tournament and any card game conducted
2 21 during the tournament and shall not contract with or permit
2 22 another person to conduct the card game tournament or any card
2 23 game during the tournament.

2 24 f. No person receives or has any fixed or contingent right
2 25 to receive, directly or indirectly, any profit, remuneration,
2 26 or compensation from or related to a game in a card game
2 27 tournament, except any amount which the person may win as a
2 28 participant on the same basis as the other participants.

2 29 g. A qualified organization representing veterans shall
2 30 not hold more than one card game tournament per week. Card
2 31 game tournaments held under an annual game night license shall
2 32 not count toward the limit of one card game tournament per
2 33 week. With the exception of an annual game night license, no
2 34 more than one card game tournament per week shall be held

2 35 within a structure or building and only one qualified
3 1 organization representing veterans licensed to conduct card
3 2 game tournaments under this section may hold card game
3 3 tournaments within a structure or building. A qualified
3 4 organization representing veterans shall be allowed to hold
3 5 only one card game tournament during a calendar day.

3 6 h. At the conclusion of each card game tournament, the
3 7 person conducting the card game tournament shall announce the
3 8 gross receipts received, the total amount of money withheld
3 9 for expenses, and the amount withheld for state taxes.

3 10 i. The person conducting the card game tournament does
3 11 none of the following:

3 12 (1) Hold, currently, another license issued under this
3 13 section.

3 14 (2) Own or control, directly or indirectly, any class of
3 15 stock of another person who has been issued a license to
3 16 conduct games under this section.

3 17 (3) Have, directly or indirectly, an interest in the
3 18 ownership or profits of another person who has been issued a
3 19 license to conduct games under this section.

3 20 3. The qualified organization representing veterans
3 21 licensed to hold card game tournaments under this section
3 22 shall keep a journal of all dates of events, amount of gross
3 23 receipts, amount given out as prizes, expenses, amount
3 24 collected for taxes, and the amount collected as revenue.

3 25 a. The amount collected by the qualified organization
3 26 representing veterans as revenue is limited to ten percent of
3 27 the gross receipts collected from each event.

3 28 b. Each qualified organization representing veterans shall
3 29 withhold that portion of the gross receipts subject to
3 30 taxation pursuant to section 423.2, subsection 4, which shall
3 31 be kept in a separate account and sent to the state along with
3 32 the organization's quarterly report.

3 33 c. A qualified organization representing veterans licensed
3 34 to conduct card game tournaments is allowed to withhold no
3 35 more than five percent of the gross receipts from each card

4 1 game tournament for qualified expenses. Qualified expenses
4 2 include but are not limited to the purchase of supplies and
4 3 materials used in conducting card games. Any money collected
4 4 for expenses and not used by the end of the calendar year

4 5 shall be donated for educational, civic, public, charitable,
4 6 patriotic, or religious uses as described in section 99B.7,
4 7 subsection 3, paragraph "b". The qualified organization
4 8 representing veterans shall attach a receipt for any donation
4 9 made to the fourth quarter quarterly report required to be
4 10 submitted pursuant to section 99B.2.

4 11 d. Each qualified organization representing veterans
4 12 licensed under this section shall make recordkeeping and all
4 13 deposit receipts available as provided in section 99B.2,
4 14 subsection 2.

4 15 4. An organization wishing to conduct card game
4 16 tournaments pursuant to this section as a qualified
4 17 organization representing veterans shall submit an application
4 18 and annual license fee of two hundred dollars to the
4 19 department.

4 20 Sec. 2. Section 99B.8, Code Supplement 2005, is amended by
4 21 adding the following new subsection:

4 22 NEW SUBSECTION. 6. Notwithstanding any provision of
4 23 section 99B.7 to the contrary, if the games are conducted by a
4 24 qualified organization representing veterans as defined in
4 25 section 99B.7B, or a qualified organization that primarily
4 26 represents volunteer emergency services providers as defined
4 27 in section 100B.11, or a qualified organization that is exempt

4 28 from federal income tax under section 501(c)(3) of the
4 29 Internal Revenue Code and that has conducted an annual game
4 30 night during the period beginning January 1, 2001, and ending
4 31 December 31, 2005, issued a license pursuant to subsection 3,
4 32 the sponsor may award cash or merchandise prizes in any game
4 33 of skill, game of chance, or card game lawfully conducted
4 34 during the annual game night in an amount not to exceed ten
4 35 thousand dollars and no participant shall win more than a
5 1 total of five thousand dollars.

5 2 Sec. 3. Section 99B.9, subsection 1, unnumbered paragraph
5 3 1, Code 2005, is amended to read as follows:

5 4 Except as otherwise permitted by section 99B.3, 99B.5,
5 5 99B.6, 99B.7, 99B.7B, 99B.8, 99B.11, or 99B.12A, it is
5 6 unlawful to permit gambling on any premises owned, leased,
5 7 rented, or otherwise occupied by a person other than a
5 8 government, governmental agency, or governmental subdivision,
5 9 unless all of the following are complied with:

5 10 Sec. 4. Section 99B.12, subsection 1, unnumbered paragraph
5 11 1, Code 2005, is amended to read as follows:

5 12 Except in instances where because of the location of the
5 13 game or the circumstances of the game section 99B.3, section
5 14 99B.5, section 99B.6, section 99B.7, section 99B.7B, section
5 15 99B.8, or section 99B.9 is applicable, individuals may
5 16 participate in gambling specified in subsection 2, but only if
5 17 all of the following are complied with:

5 18 Sec. 5. Section 423.2, subsection 4, Code Supplement 2005,
5 19 is amended to read as follows:

5 20 4. A tax of five percent is imposed upon the sales price
5 21 derived from the operation of all forms of amusement devices
5 22 and games of skill, games of chance, raffles, and bingo games
5 23 as defined in chapter 99B, and card game tournaments conducted
5 24 under section 99B.7B, that are operated or conducted within
5 25 the state, the tax to be collected from the operator in the
5 26 same manner as for the collection of taxes upon the sales
5 27 price of tickets or admission as provided in this section.
5 28 Nothing in this subsection shall legalize any games of skill
5 29 or chance or slot-operated devices which are now prohibited by
5 30 law.

5 31 The tax imposed under this subsection covers the total
5 32 amount from the operation of games of skill, games of chance,
5 33 raffles, and bingo games as defined in chapter 99B, card game
5 34 tournaments conducted under section 99B.7B, and musical
5 35 devices, weighing machines, shooting galleries, billiard and
6 1 pool tables, bowling alleys, pinball machines, slot-operated
6 2 devices selling merchandise not subject to the general sales
6 3 taxes and on the total amount from devices or systems where
6 4 prizes are in any manner awarded to patrons and upon the
6 5 receipts from fees charged for participation in any game or
6 6 other form of amusement, and generally upon the sales price
6 7 from any source of amusement operated for profit, not
6 8 specified in this section, and upon the sales price from which
6 9 tax is not collected for tickets or admission, but tax shall
6 10 not be imposed upon any activity exempt from sales tax under
6 11 section 423.3, subsection 78. Every person receiving any
6 12 sales price from the sources described in this section is
6 13 subject to all provisions of this subchapter relating to
6 14 retail sales tax and other provisions of this chapter as
6 15 applicable.

6 16 SF 2314
6 17 ec/cc/26